
SENATE COMMITTEE ON MILITARY AND VETERANS AFFAIRS

Senator Bob Archuleta, Chair

2025 - 2026 Regular

Bill No:	SB 623	Hearing Date:	1/14/26
Author:	Archuleta		
Version:	2/20/25		
Urgency:	No	Fiscal:	Yes
Consultant:	Diego Nelson		

Subject: Property taxation: homeowners', veterans', and disabled veterans' exemptions

DESCRIPTION

Summary:

This bill amends the homeowners' property tax exemption to permit a qualifying residence to also receive either the disabled veterans' exemption or the veterans' exemption, contingent upon voter approval of SCA 4 (Archuleta).

Existing law:

- 1) Provides that all property is taxable unless explicitly exempted by the Constitution or federal law (California Constitution, Article XIII, Section One)
- 2) Sets forth several property tax exemptions (California Constitution, Article XIII, Section Three).
- 3) Exempts \$7,000 in taxable value when the home is the principal place of residence of the owner on January 1st of the year the exemption is claimed, unless the taxpayer claims another exemption.
- 4) Allows the Legislature to increase the exemption; however, they must increase subventions to local agencies backfilling any revenue loss, and provide an increase in benefits to qualified renters.
- 5) Requires the state to backfill local property tax revenue losses resulting from the exemption (California Constitution, Article XIII, Section 25).
- 6) Contains an exemption for veterans, which the Constitution defines as someone who is serving or has served in and has been discharged under honorable conditions from service, in the United States Army, Navy, Air Force, Marine Corps, Coast Guard, or Revenue Marine (Revenue Cutter) Service; and served in any of the following:
 - a) in time of war,
 - b) in time of peace in a campaign or expedition for which a medal has been issued to the veteran by Congress, or
 - c) in time of peace and because of a service-connected disability was released from active duty.
- 7) Sets the exemption amount at \$1,000 (adjusted to \$4,000 in statute) for a person qualifying under the above criteria, or their unmarried surviving spouse or either parent of a deceased veteran meeting the service requirements.
- 8) Allows the veteran's exemption for veterans who own property, real or personal, worth less in aggregate than \$5,000 if the claimant is single, or \$10,000 if married.
- 9) Allows the Legislature to partially or wholly exempt from property tax the value of a disabled veteran's principal place of residence if the veteran has lost two or more limbs, is

totally blind, or is totally disabled as a result of a service-connected injury, so long as the taxpayer served in the United States Army, Navy, Air Force, Marine Corps, and been discharged under conditions other than dishonorable (California Constitution, Article XIII, Section Four).

- 10) Provides that the exemption applies instead of other real property exemptions, like the homeowners' exemption.
- 11) Makes the exemption available to disabled veteran taxpayers or their unmarried surviving spouses, so long as the surviving spouse receives a U.S. Department of Veterans Affairs (USDVA) determination that the spouse's death was service connected
- 12) Does not fully exclude the value of a disabled veteran or surviving spouse's property, instead enacting a partial exemption of \$100,000 for disabled veteran taxpayers with annual household income of more than \$40,000, or \$150,000 for income lower than that amount, with each threshold adjusted for inflation by the Department of Industrial Relations using the California Consumer Price Index for all items. The current inflation adjusted value for 2026 is \$180,671 for disabled veterans with income of more than \$81,131, and \$271,009 for those with less than that amount.

This bill:

- 1) Amends the homeowners' exemption from property tax to remove the prohibition against a property that receives the homeowners' exemption from also receiving the disabled veterans' or veterans' exemptions.
- 2) Provides that if voters approve Senate Constitutional Amendment 4 (Archuleta) at the November, 3, 2026, statewide general election, the homeowners' exemption applies to property where the owner currently receives the veterans' or disabled veterans' exemption.
- 3) Makes conforming changes.

BACKGROUND

The California Constitution provides that all property is taxable unless expressly exempted by the Constitution or federal law. Article XIII establishes several constitutional property tax exemptions, including the homeowners', veterans', and disabled veterans' exemptions.

Homeowners' Exemption

The Constitution authorizes a \$7,000 reduction in assessed value for property that serves as the owner's principal residence on the January 1 lien date, provided no other exemption is claimed. The residence must be the owner's true, fixed, and permanent home; rental properties, vacant properties, homes under construction, and second or vacation homes do not qualify. Once granted, the exemption remains in effect until the owner ceases to qualify or the property changes ownership. Any legislative increase to the exemption amount requires state reimbursement to local governments, as mandated by Article XIII, Section 25.

Veterans' Exemption

The Constitution also provides a limited veterans' property tax exemption for qualifying veterans who served honorably during a war or qualifying military campaign, or who were discharged due to a service-connected disability. The exemption reduces assessed value by \$4,000 and may be claimed by eligible veterans, unmarried surviving spouses, or parents of deceased veterans.

This exemption is subject to a means-tested property-value limitation adopted as part of the original constitutional framework in the 1918–1920 period. Under current law, a veteran is disqualified if they own taxable property—other than the principal residence—exceeding \$5,000 if single or \$10,000 if married. These thresholds have never been adjusted for inflation and reflect a World War I-era definition of wealth; in today’s dollars, they would approximate \$100,000 and \$200,000, respectively. As a result, the exemption has become largely obsolete, and most eligible veterans instead claim the homeowners’ exemption.

Disabled Veterans’ Exemption

Article XIII separately authorizes the Legislature to partially or fully exempt the principal residence of a disabled veteran who is totally disabled, totally blind, or has lost two or more limbs due to a service-connected injury, and who was discharged under conditions other than dishonorable. The exemption also applies to unmarried surviving spouses and is claimed in lieu of the homeowners’ exemption. State law provides a partial exemption of \$100,000 or \$150,000, depending on household income, with exemption amounts annually adjusted for inflation. For the 2026 lien date, California’s disabled veterans’ property tax exemption, as adjusted for inflation, equals approximately \$180,671 in assessed value for qualifying disabled veterans or their unmarried surviving spouses, and approximately \$271,009 for low-income households with income below the indexed 2026 threshold of about \$81,131.

COMMENT

The disabled veterans’ exemption reflects a later policy shift away from means-testing and toward recognition of service-connected disability. Unlike the basic veterans’ exemption, it is not subject to asset limits and provides a substantially larger, inflation-adjusted partial exemption tied to household income. By contrast, the basic veterans’ exemption is subject to strict property-value limits and is rarely claimed; the State Board of Equalization reports that its most recent data indicate zero applications for the exemption. Existing constitutional language requires the disabled veterans’ exemption to be claimed in lieu of the homeowners’ exemption, preventing otherwise eligible households from receiving both benefits. The author has previously sought to expand access to these property tax benefits in 2023 through SB 871, which died in the Assembly Rev & Tax Committee. This bill, in conjunction with SCA 4, would further advance that effort by allowing the exemptions to be applied concurrently.

POSITIONS

Sponsor: Author.

Support: California Senior Legislature
County of Orange
County of San Diego

Oppose: None